

Penrice Soda

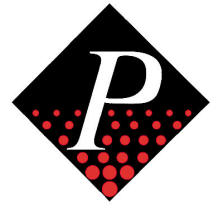
2008 Full Year Results

Guy Roberts – Managing Director & CEO

Frank Lupoi - Chief Financial Officer

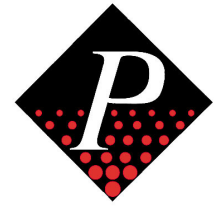
September 2008

Outline



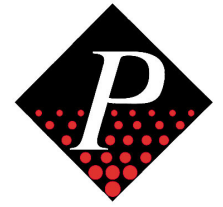
- About Penrice
- Highlights
- Chemicals
- Quarry & Mineral
- Financials
- Strategy
- Outlook

About Penrice



- Australian owned publicly listed company trading on the Australian Stock Exchange (PSH) since 2005
- Market Capitalisation of approximately A\$80M
- Established by ICI Plc in 1936 as a chemical company supplying soda ash to manufacture glass
- Penrice created in 1990 as an independent company when ICI Plc divested its global soda ash business
- Succession of trade / industry and financial owners since 1990
- Revenues in excess of A\$135M and employs over 300 people in Australia
- Exports sales of chemicals to 27 countries

About Penrice – What We Do



CHEMICALS

- Manufacture of soda ash for sale to glass, detergents and mining markets in Australia and for regional export
- Manufacture of sodium bicarbonate for sale to stockfeed, food, pharmaceutical and medical markets in Australia and for export to 27 countries

QUARRY & MINERAL

- Mining of limestone for supply to the chemical business
- Mining of lime based products for sale in industrial and agricultural markets in SA
- Mining of aggregates for sale to the civil & construction markets in SA

MARKET LEADERSHIP

SUPERIOR PRODUCTS

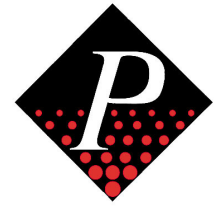
PRIVILEGED RAW MATERIALS & ASSETS

CAPABLE PEOPLE

TECHNOLOGY

PERFORMANCE CULTURE

About Penrice - Business Characteristics



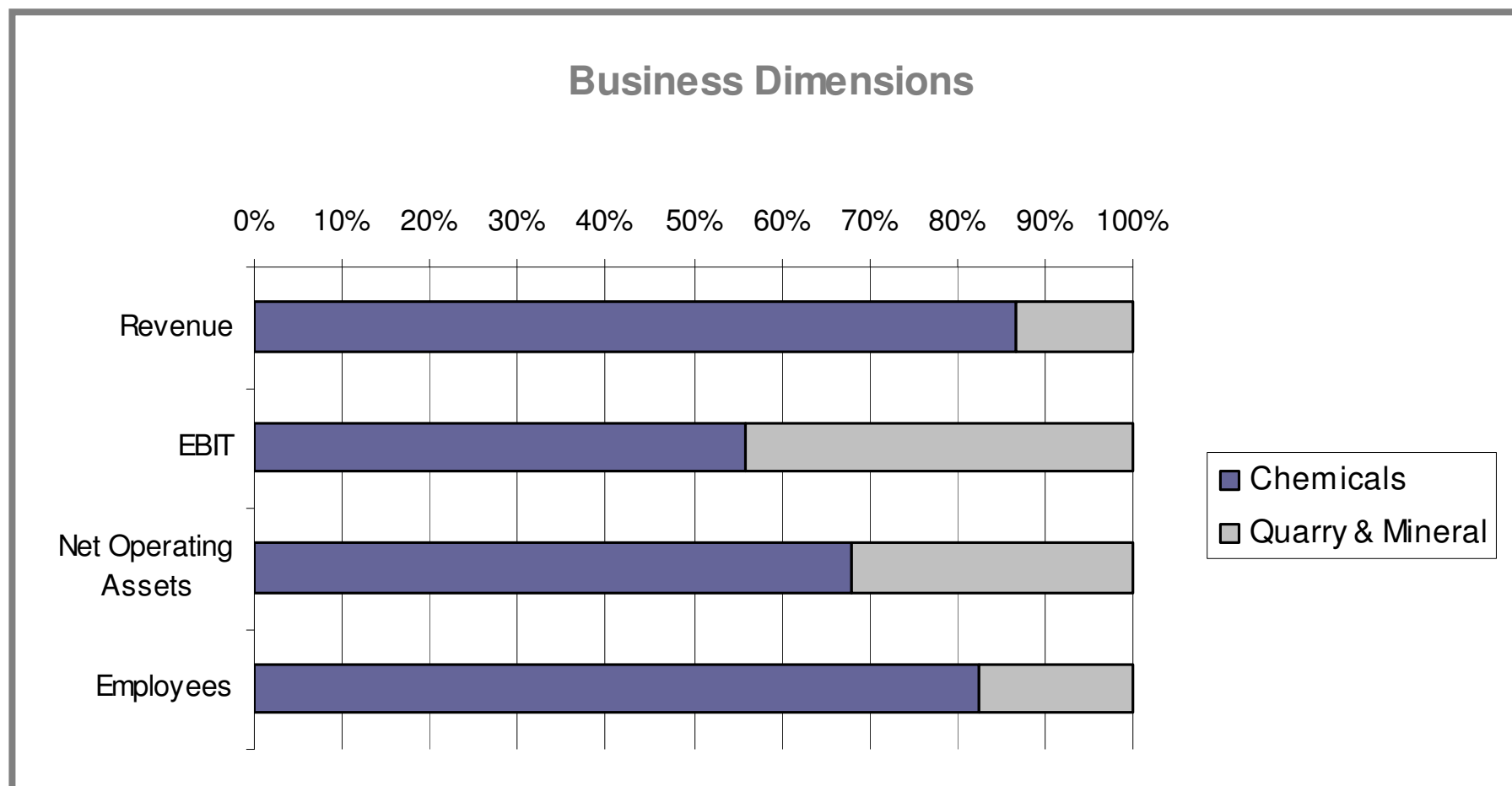
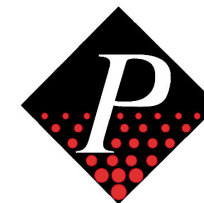
CHEMICALS

- Largest soda ash business in south-east Asia
- Global sodium bicarbonate business
- Strategic raw materials security
- Privileged asset positions
- Leading technology
- Proximity to growing market
- Applications competency

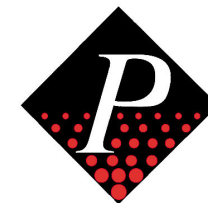
QUARRY & MINERAL

- Largest chemical grade limestone deposit in Australia
- Broad product offering of lime products and aggregates
- State of the art operating capability
- Proximity to growing market

About Penrice - Business Dimensions



Highlights



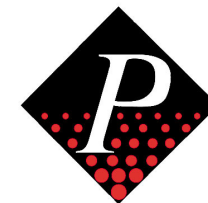
FINANCIAL HIGHLIGHTS

- EBIT +11% to \$15.2M
- NPAT +9% to \$7.3M
- Earnings per Share up 8% to 16.1 cents
- Final Ordinary Dividend is 5.0 cents per share (cps) – Fully Franked
- 2008 Total Dividend is 10.5 cps - Increase of 5% over pcp (10.0 cps)

BUSINESS HIGHLIGHTS

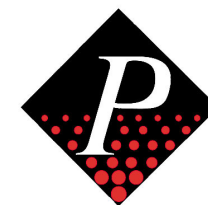
- Record result from Quarry & Mineral with EBIT up 38% reflecting strong demand from buoyant civil & construction markets
- Solid results from Chemicals business, maintaining domestic market share and increasing exports despite strengthening Australian dollar
- Chemicals operations had better soda ash plant reliability - output increased by 4%
- Osborne Three Year Way Forward Plan accelerated to quicken the pace of soda ash plant renewal and sodium bicarbonate plant expansion (increased R&D & CAPEX)
- Expansion of sodium bicarbonate plant on track for commissioning in CY2008 Q4
- Several new senior management appointments to form strong executive leadership team
- Continued improving outlook for soda ash and sodium bicarbonate markets

Chemicals - Highlights



- Chemicals EBIT decreased by 1% to \$13.5M
- Signing of several new contracts to supply soda ash customers in the glass and mining sectors
 - Positions the business for growth in 2009 and beyond
- Uprate of the Osborne sodium bicarbonate plant from 75ktpa to 100ktpa is being constructed on time and within the original cost estimate of \$12M
- Sales development supports the strategy
- Expected commissioning is end of 2008CY

Chemicals - Business Overview



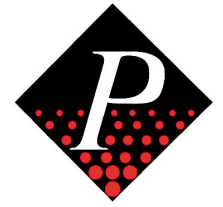
ASH

- Sales revenue down 3% as business exited unprofitable customer contracts supplied with imported ash
- Prices improved in domestic market but strong AUD made imports cheaper restricting price increases
- Market share maintained in the Australian domestic market
- Several new contracts won to supply soda ash to customers in Australia & overseas in the mineral processing segment providing growth from 2009 onwards
- Announcement by Amcor of a major expansion of its container glass plant at Gawler SA
- Commissioning of feasibility study to evaluate expansion of soda ash plant by up to 150ktpa
- Improved reliability and output of the soda ash plant, increasing output by 15ktpa.
- Lower revenues flowed through to EBIT, as synergies gained from improved margins and increased plant output were offset by raw material, energy and distribution cost pressures in production & distribution

SODIUM BICARBONATE

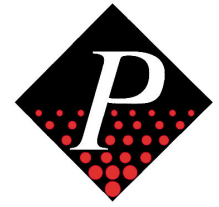
- Sales volumes increased to match growth in plant output to 75ktpa
- Selling prices were up substantially in export markets, but offset by FX impact of strong AUD
- Sales development activity well progressed to sell the extra production from the current expansion. Focus on premium food, pharmaceutical, medical and personal care markets

Quarry & Mineral - Highlights



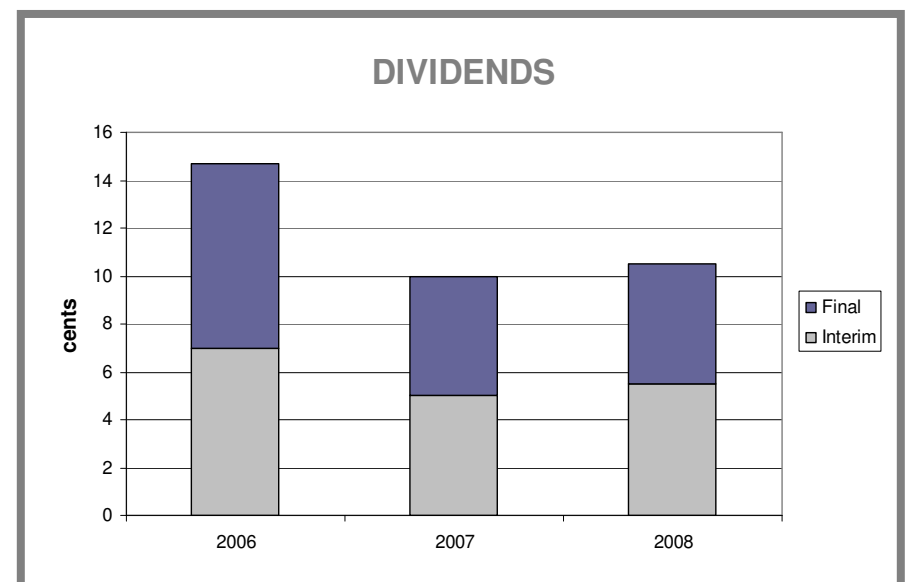
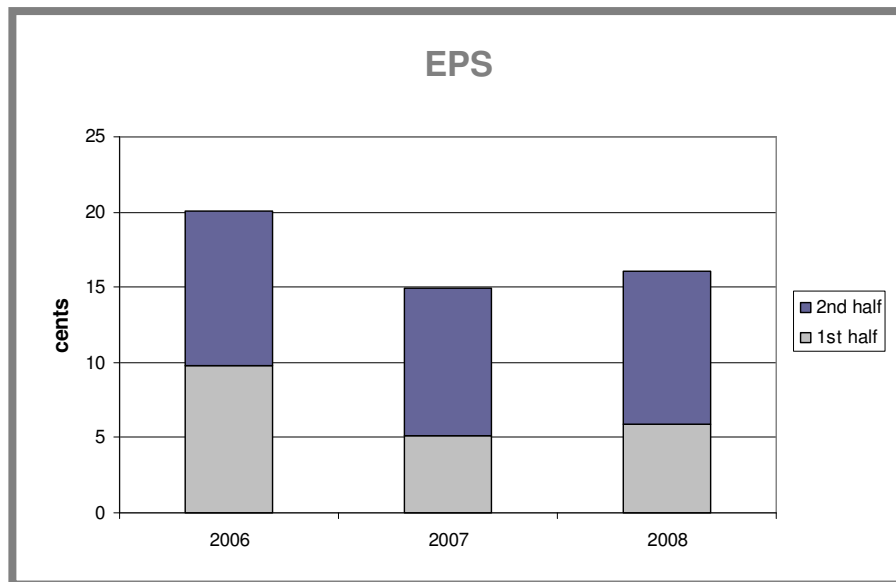
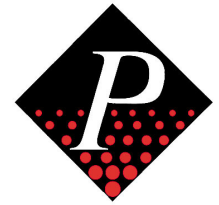
- Quarry & Mineral business increased revenue by 27% to \$18.3M
- EBIT increased by 38% to \$11.3M
- Sales revenue advanced significantly on the back of further demand from civil & construction and other markets, principally in northern Adelaide and Barossa Valley
- EBIT improved commensurate with higher sales, combined with synergies from better productivity from the new mobile mine fleet

Quarry & Mineral - Business Overview



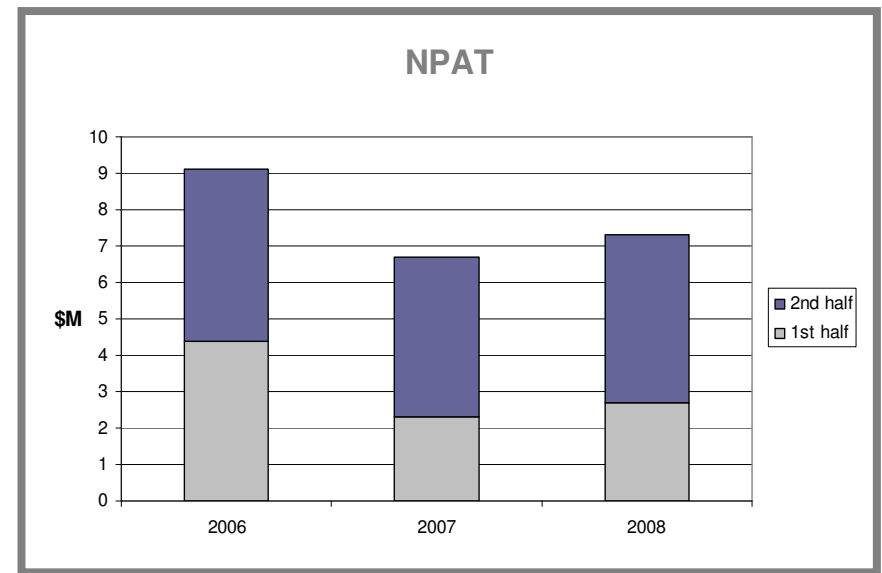
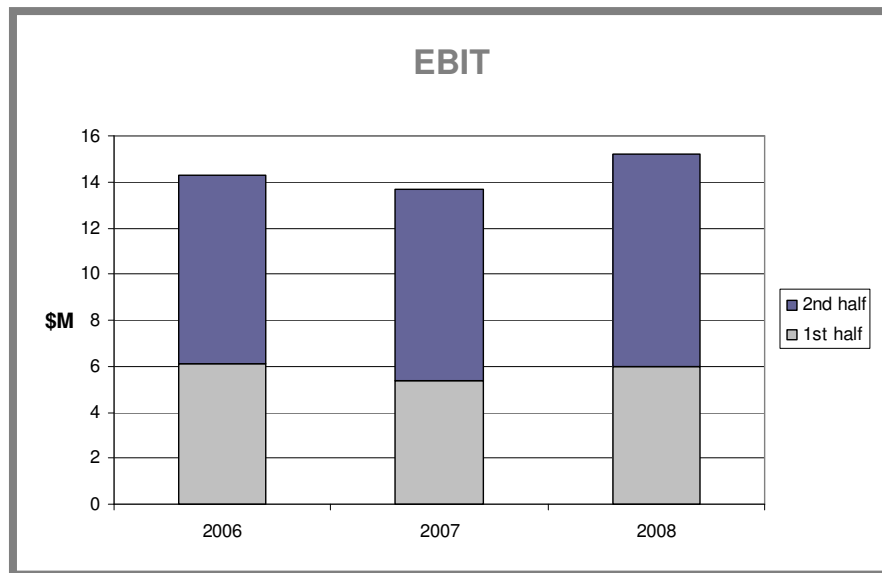
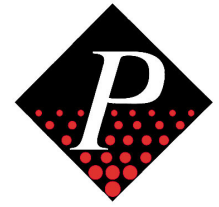
- Civil & construction sales revenue growth flowing from new business in defence infrastructure at Port Adelaide (Techport) and road & rail projects in Northern Adelaide
- Increased sales of limesand to glass market to support expanding wine bottle production in SA
- Higher lime sales to stockfeed market to support supplementary feed for drought affected primary producers
- Growth in sales to cement and lime market to support building and construction industry
- Considerable sales development activity focussing on the scope and future supply of material for landfill for land development in and around Port Adelaide
- Operations ran more efficiently due to full first year of operating with new mobile mine fleet
- Cost pressures experienced with regard to fuel & maintenance, but offset by other operating synergies
- Numerous community consultations to ensure local community concerns are catered for
- Plans being developed to support Angaston mine expansion to the east to allow for the storage of overburden, permitting further expansion of mine operations to meet customer demand

Financials



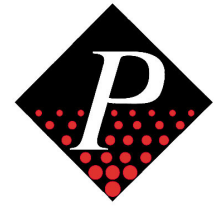
- 2008FY EPS of 16.11 cents – an increase of 8% on pcp
- 2008FY Fully Franked Dividend of 10.5 cents – an increase of 5% on pcp
- 2008FY Payout Ratio of 65%

Financials



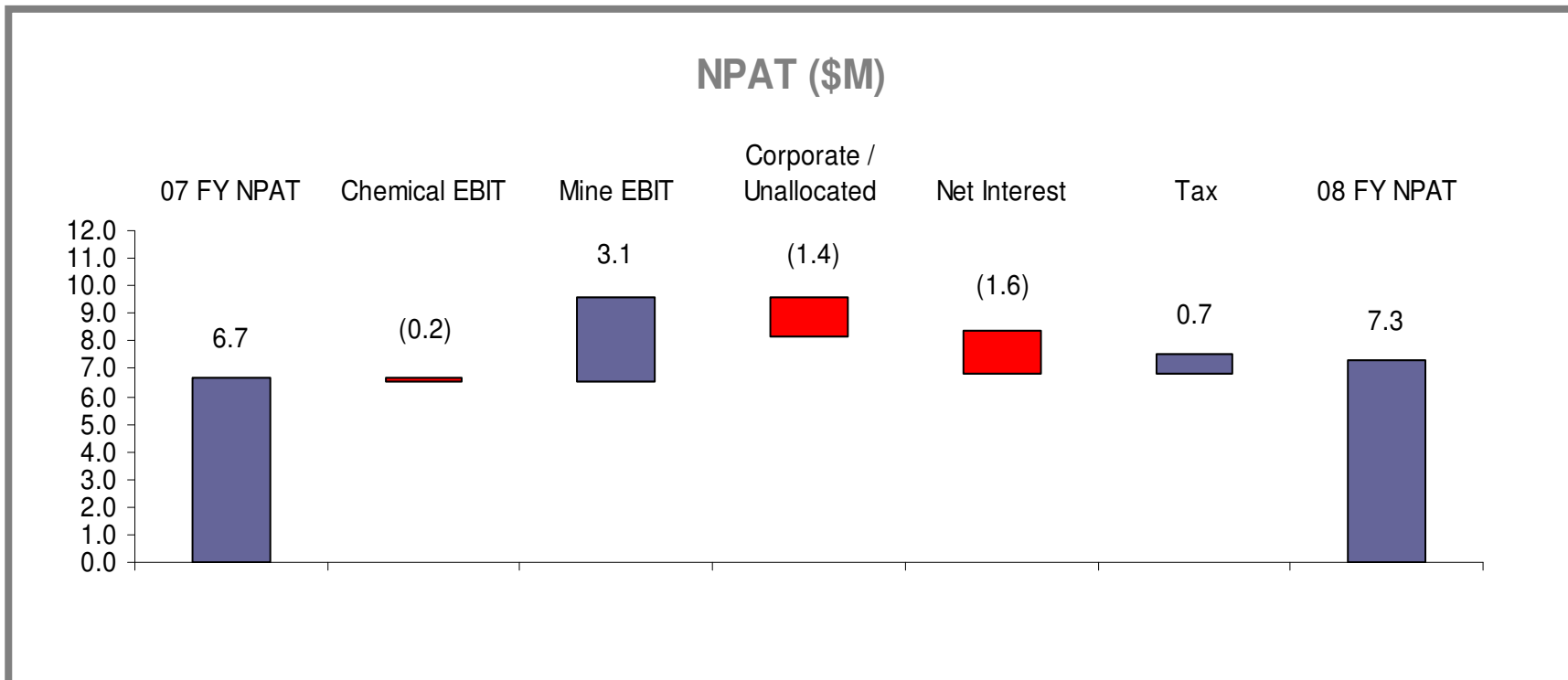
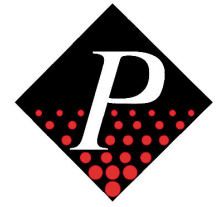
- Targeting solid financial performance during 3 year consolidation phase 07FY-09FY

Financials

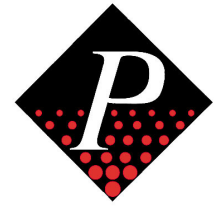


	Year Ended June		
	2008	2007	Change F/(U)
REVENUE SUMMARY - A\$M			
Chemicals	116.7	119.9	(3%)
Mine	18.3	14.4	27%
Total sales revenue	135.1	134.2	1%
EARNINGS SUMMARY - A\$M			
EBIT			
Chemicals	13.5	13.7	(1%)
Mine	11.3	8.2	38%
Corporate centre/Unallocated	(9.6)	(8.2)	(17%)
Total EBIT	15.2	13.7	11%
Net interest	5.9	4.3	(37%)
Tax expense	2.0	2.7	26%
NPAT	7.3	6.7	9%

Financials



Financials



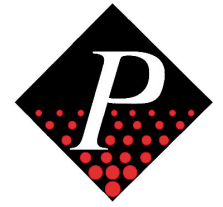
REVENUE

- Sales revenue increased by \$0.9M to \$135.1M
- Quarry & Mineral business revenue rose by \$3.9M or 27%, driven by strong demand from civil & construction and other markets
- Chemicals business revenue was down 3% on last year's result as a result of the company exiting non-profitable import contracts and the adverse impact of a strong AUD on exports

EARNINGS BEFORE INTEREST & TAX (EBIT)

- Total EBIT increased 11% to \$15.2M primarily due to the excellent performance of the Quarry & Mineral business
- Chemicals EBIT decreased 1%, where gains from improved margins and increased plant output were offset by raw material and energy cost pressures in production and distribution
- Corporate costs unfavourable \$1.1m due to movement in Defined Superannuation Fund caused by the downturn in the share market

Financials



INTEREST

- Net interest expense of \$5.9M was \$1.6M higher, mainly due to:
 - Higher debt levels as a result of:
 - Investment in the expansion of the sodium bicarbonate plant
 - Increased levels of sustenance capital expenditure
 - Higher average net interest rates

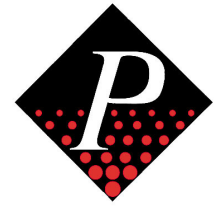
TAX

- Tax expense was \$2.0M with an effective tax rate of 22% (pcp: 28%)
- Lower effective rate was primarily as a result of increased levels of R&D expenditure

NET PROFIT

- Net profit after tax increased by 9% to \$7.3M (pcp: \$6.7M)

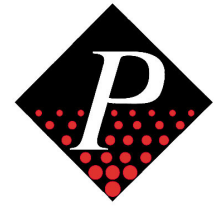
Financials – Balance Sheet & Cash Flow



BALANCE SHEET A\$M	JUNE 2008	JUNE 2007
Total working capital	32.5	18.9
Net property, plant & equipment	77.0	62.7
Intangible Assets	18.9	21.8
Net other liabilities	(8.9)	(10.5)
Net debt	(71.4)	(47.2)
Net Assets	48.1	45.7
Gearing – Debt + Equity	59%	50%
– Equity	148%	103%
Interest Cover (Times)	3.6	4.2

STATEMENT OF CASHFLOWS A\$M	JUNE 2008	JUNE 2007
Net operating Cash Flows	0.7	8.6
Capital spending	(9.6)	(6.0)
Sustenance capital	(10.7)	(4.0)
Movement in borrowings	26.2	3.4
Dividends paid	(4.5)	(5.7)
Net increase/(decrease) in cash held	2.1	(3.7)

Financials – Balance Sheet & Cash Flow



The increase in working capital was due to:

- Significant increased levels of activity within the Quarry & Mineral business where aggregate & schist inventory increased by \$14M
- Temporary increase in ash plant spare-parts of \$3M in readiness for annual plant shutdown
- A rise in strategic raw materials inventory procured ahead of anticipated price increases
- An increase in the value of stock

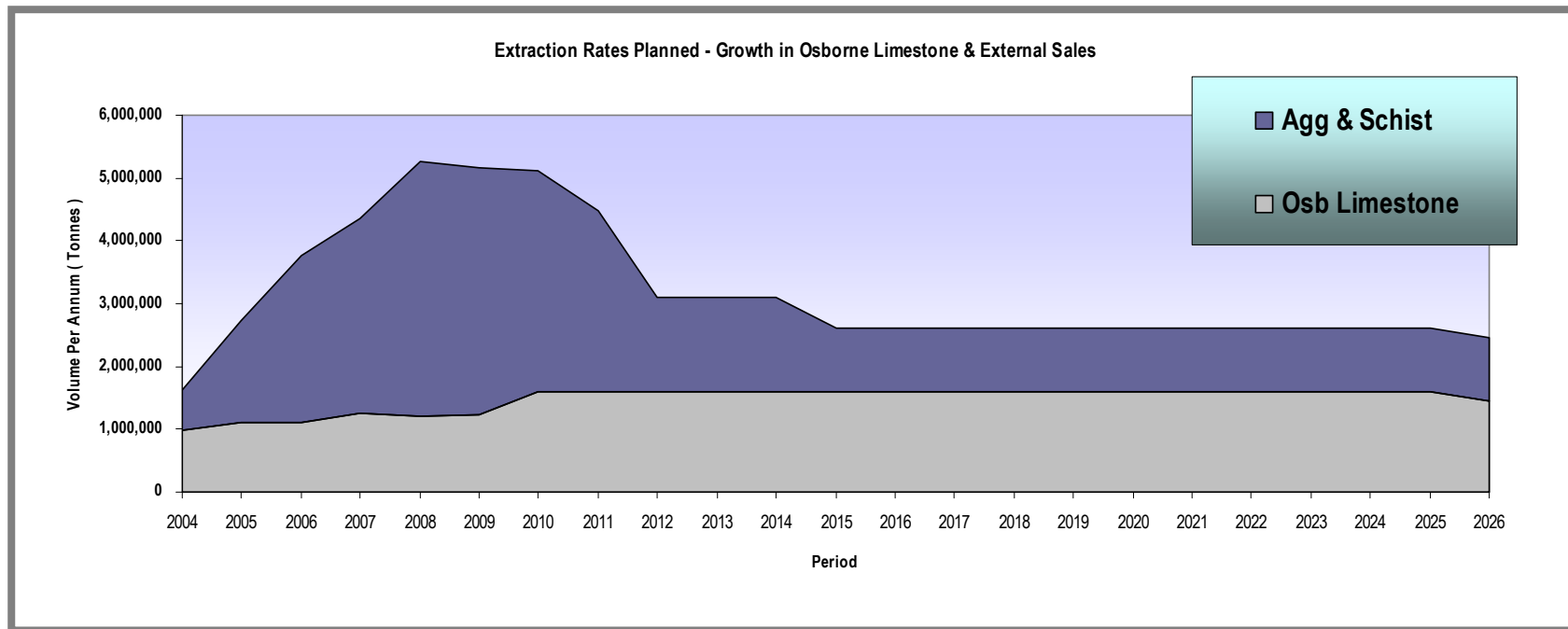
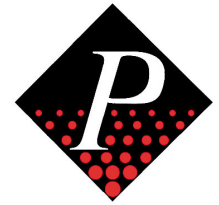
Net property, plant and equipment was up by \$14.3M to \$77.0M primarily due to:

- Work in progress expenditure of \$7M on the sodium bicarbonate plant expansion (expected spend \$12M)
- Higher levels of sustenance capital amounting to \$10.7M in 2008

Net debt increased by \$24.2M primarily due to:

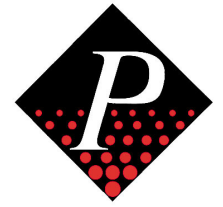
- Increased levels of capital expenditure described above (expansion expenditure is currently being completely funded by debt)
- Expanding activity in Quarry & Mineral business resulted in a higher level of cash required upfront, where excavation of overburden (aggregates & schist) is required to extract the more profitable product - Reflected in the increased levels of inventory

Financials – Balance Sheet & Cash Flow - Impact of Inventory Levels



- Angaston Mine's primary purpose is to supply limestone to Osborne Plant, but 75% of sales are external
- Current sales volumes: Limestone – internal sales (480kt), Cement lime application (390kt), Chemical / stockfeed grade product (120kt), Civil products includes aggregates (760kt)
- Mine Plan requires higher extraction rates of overburden (aggregate & schist) at front-end of the plan
- Further developing markets in aggregates & schist, but in short-medium term carrying high levels of inventory
- Expect mine to be cash positive by 2011

Financials – Balance Sheet & Cash Flow



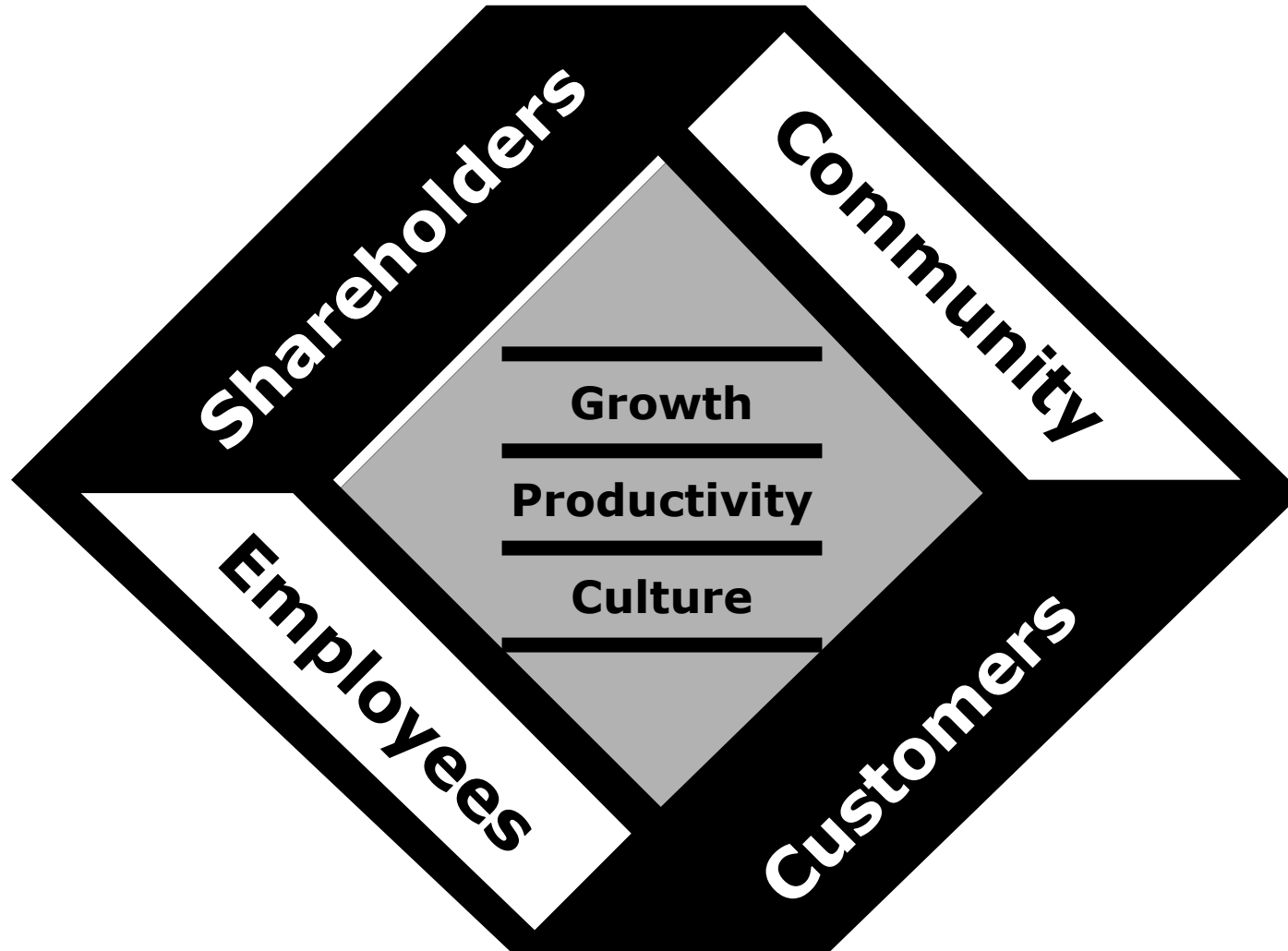
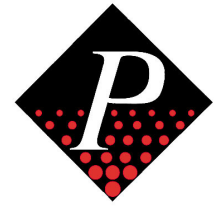
BANK TERM DEBT

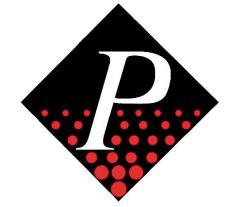
- Banking relationships with NAB and Westpac
- Total term debt facility limit of \$87M
- Facility in place until September 2010

GEARING / FUNDING

- 59% is at high-end of Board endorsed range of desired long-term gearing of 50-60%
- Objective is to lower gearing in the medium term with improved business cash flow as well as an amount of equity to fund the sodium bicarbonate plant expansion
- Will look to raise up to an additional 15% of current equity base to fund plant & mine expansions - Potential mechanisms being:
 - Placement
 - SPP
 - DRP

Strategic Approach to Drive Value





Strategy – Growth Successes

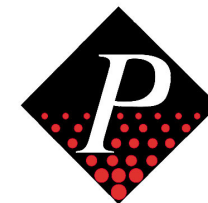
CHEMICALS

- Expansion of the sodium bicarbonate plant to 100Ktpa at Osborne was approved and construction is advancing on time and within budget for commission in CY2008 Q4
- Sales of sodium bicarbonate into selected premium export markets have successfully sold out the previous expansion, and sales development is well-progressed for the new expansion to meet its market and financial targets
- A number of new business contracts won into mining segment
- Osborne Way Forward Plan has delivered improved reliability and output in the soda ash plant at Osborne - Plant output increased on pcp by 4% or 15Ktpa
- Feasibility study commenced and appointed Worley Parson's to assist in investigating the possibility of expanding the soda ash plant by 150Ktpa - Study is expected to be concluded early CY2009

QUARRY & MINERAL

- Won a number of large contracts to supply aggregates into civil & construction market, for road projects, landfill, industrial and residential development
- Improved productivity with the first full year of operation of our new mobile mine fleet of excavators, drills, crushers and other trucks
- Commenced process for expanding mine to allow for extra overburden storage to meet new business

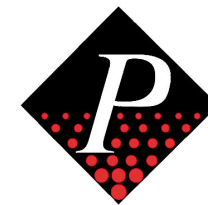
Strategy – 10 Growth Priorities



Business	Strategic Growth Opportunity	Objective
Chemicals – Soda Ash	<ol style="list-style-type: none"> 1. Improved soda ash plant performance – FY09 2. Lowest cost soda ash import sourcing – FY09 3. Soda ash plant debottleneck – FY10 4. Soda ash plant major expansion – FY10 	Additional 10ktpa Additional 10ktpa Additional 25ktpa Additional 125ktpa
Chemicals – Sodium Bicarbonate	<ol style="list-style-type: none"> 5. Capitalise on expanded sodium bicarbonate capacity – FY09 6. Further sodium bicarbonate expansion – FY11 	Additional 25ktpa Targets for Yr 3 of expansion: - Additional \$12.5M revenue - 24% RONA - Additional \$3M EBITDA Additional 25ktpa
Quarry & Mineral	<ol style="list-style-type: none"> 7. Capitalise on expanded mine operating capability – FY09 8. Organic growth in civil & construction – FY09 9. Organic growth in landfill – FY10 10. Small bolt-on M&A – FY10 	20% growth pa Additional 500kt Additional 750ktpa

All expansion projects need to meet minimum RONA requirement of 15%

Outlook



CHEMICALS

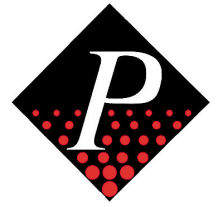
- Soda Ash market will continue to experience considerable product shortages and price increases as global demand exceeds supply
- Soda ash price expected to rise to \$US350 CFR south-east asia from \$US250 CFR
- Feasibility study will be completed regarding expansion of soda ash plant to by 150kmtpa
- New Osborne sodium bicarbonate plant expansion will commission and sales will commence
- Cost pressures in Chemicals business from raw materials and energy
- Low margin legacy soda ash contracts expire

QUARRY & MINERAL

- Continued strong demand in civil & construction markets with Government projects for Northern Adelaide and Barossa Valley, eg Sturt Highway and Northern Expressway
- Completion of Angaston mine expansion and commencement of operation of new eastern site for storage of overburden
- Creation of new community consultation group at Angaston mine to cater for community feedback regarding mine operations and impact

OUTLOOK

- Assuming no deterioration of economic conditions, profit for FY2009 is expected to be higher than FY2008



Penrice Soda

2008 Full Year Results